1965

FIFTY-FIRST ANNUAL REPORT

THE MONONGAHELA RAILWAY COMPANY

FOR THE YEAR ENDED DECEMBER 31, 1965

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Office of the Secretary
6 Penn Center Plaza
Philadelphia, Pa.

THE MONONGAHELA RAILWAY COMPANY

DIRECTORS

David C. Bevan	Philadelphia, Pa.
G. M. Smith	Pittsburgh, Pa.
Hewitt Biaett	Baltimore, Md.
Walter R. Grant	New York, N.Y.
M. C. Mulligan	Baltimore, Md.
Curtis D. Buford	Pittsburgh, Pa.

OFFICERS

President	Curtis D. Buford	Pittsburgh, Pa.
Vice-President	Hewitt Biaett	Baltimore, Md.
Vice-President	G. M. Smith	Pittsburgh, Pa.
Secretary	Bayard H. Roberts	Philadelphia, Pa.
Treasurer	W. R. Gerstnecker	Philadelphia, Pa.
Comptroller	W. S. Cook	Philadelphia, Pa.
General Counsel	John B. Prizer	Philadelphia, Pa.
Real Estate Agent	S. K. Harbison	Pittsburgh, Pa.
Manager, Freight Claims	W. D. Hamilton	Philadelphia, Pa.
Chief Engineer	J. J. Eash	Pittsburgh, Pa.
Superintendent	A. J. Molyneaux	Brownsville, Pa.
Chief Mechanical Officer	W. F. Kascal	Pittsburgh, Pa.
Superintendent of Freight Transportation	W. C. Westcoat	Brownsville, Pa.
Director of Personnel	W. J. Petrie	Pittsburgh, Pa.
Manager, Purchases & Stores	C. E. Le Seur	McKees Rocks, Pa.

FIFTY-FIRST ANNUAL REPORT

THE MONONGAHELA RAILWAY COMPANY

PITTSBURGH, PA., MARCH 24, 1966

TO THE STOCKHOLDERS:

THE BOARD OF DIRECTORS SUBMITS HEREWITH ITS REPORT FOR THE YEAR ENDED DECEMBER 31, 1965.

CURTIS D. BUFORD
PRESIDENT

APR 20 1966 Cp

INCOME STATEMENT		YEAR 1965	COMPARISON WITH YEAR 1964 INCREASE OR DECREASE	
RAILWAY OPERATING REVENUES	(FREIGHT	$5,300,747	I	$561,558
	(SWITCHING	1,334	D	56
	(DEMURRAGE	10,881	I	6,357
	(RENTS OF BUILDINGS AND OTHER PROPERTY	25,013	I	690
	(ALL OTHER	DR. 659	D	4,573
	TOTAL	5,337,316	I	563,976
RAILWAY OPERATING EXPENSES	(MAINTENANCE OF WAY AND STRUCTURES	791,874	D	37,588
	(MAINTENANCE OF EQUIPMENT	544,537	D	43,847
	(TRAFFIC	12,415	I	1,045
	(TRANSPORTATION	1,640,273	I	53,459
	(GENERAL	188,908	I	62,675
	TOTAL	3,178,007	I	35,744
NET REVENUE FROM RAILWAY OPERATIONS		2,159,309	I	528,232
TAX ACCRUALS	(FEDERAL INCOME TAXES	-	I	18,444
	(OTHER RAILWAY TAXES	71,466	D	11,975
	(UNEMPLOYMENT INSURANCE TAXES	57,434	I	708
	(RAILROAD RETIREMENT TAXES	124,484	I	12,009
	TOTAL	253,384	I	19,186
RAILWAY OPERATING INCOME		1,905,925	I	509,046
HIRE OF EQUIPMENT - DEBIT BALANCE		1,358,727	I	196,982
JOINT FACILITY RENTS - DEBIT BALANCE		32,308	D	35,013
NET RAILWAY OPERATING INCOME		1,391,035	I	161,969
		514,890	I	347,077
NON-OPERATING INCOME	(MISCELLANEOUS RENT INCOME	20,004	I	2,567
	(INTEREST INCOME	20,252	I	13,102
	(PROFIT FROM SALE OF PROPERTY	4,300	D	3,009
	(MISCELLANEOUS	3,946	D	1,444
	TOTAL	48,502	I	11,216
TOTAL INCOME		563,392	I	358,293
FIXED CHARGES AND OTHER DEDUCTIONS	(RENT FOR LEASED ROADS AND EQUIPMENT	170,660	D	596
	(INTEREST ON FUNDED DEBT	252,699	D	1,468
	(LOSS ON SALE OR RETIREMENT OF PROPERTY	8,040	I	6,406
	(MISCELLANEOUS	703	D	410
	TOTAL	432,102	I	3,932
NET INCOME		131,290	I	354,361

STATEMENT OF RETAINED INCOME

BALANCE, JANUARY 1, 1965	$ 9,570,508
ADD: NET INCOME FOR THE YEAR	131,290
OTHER CREDITS TO RETAINED INCOME	495,470
BALANCE, DECEMBER 31, 1965	10,197,268

BALANCE SHEET

ASSETS

	December 31, 1965		Comparison with December 31, 1964 Increase or Decrease	
CURRENT ASSETS:				
Cash	$467,698		I	$231,884
Temporary cash investments	1,193,095		I	696,670
Accounts receivable	269,475		I	145,198
Materials and supplies	138,997		D	11,213
Miscellaneous	5,782		D	6,934
Total current assets		$2,075,047	I	1,055,605
SPECIAL FUNDS:				
Sinking fund	140			
Insurance and other funds	3,000			
Total special funds		3,140		
PROPERTIES:				
Transportation property	26,296,175		D	177,158
Less: Accrued depreciation and amortization	3,599,784		I	172,672
Net transportation property	22,696,391		D	349,830
Miscellaneous physical property	415,418		D	9,096
Net properties		23,111,809	D	358,926
OTHER ASSETS AND DEFERRED CHARGES		22,868	D	15,974
TOTAL ASSETS		25,212,864	I	680,705

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1965		Comparison with December 31, 1964 Increase or Decrease	
CURRENT LIABILITIES:				
Accounts payable	$581,459		I	$137,914
Interest payable	104,859		D	433
Taxes accrued	74,274		I	1,658
Other current liabilities	4,352		D	5,788
Total Current Liabilities		$764,944	I	133,351
LONG-TERM DEBT DUE WITHIN ONE YEAR:				
Equipment - Conditional Sale Agreements		39,956		
LONG-TERM DEBT DUE AFTER ONE YEAR:				
First Mortgage, 3¼% Bonds Series "B" due Feb. 1, 1966	7,677,000			
Equipment - Conditional Sale Agreements	39,956		D	39,956
Total Long-Term Debt Due After One Year		7,716,956	D	39,956
OTHER LIABILITIES AND DEFERRED CREDITS:				
Other Liabilities	33,822		D	2,033
Unamortized Premium on Long-Term Debt	113		D	1,360
Deferred Credits	9,988		D	38,738
Accrued Depreciation-Leased Property	204,817		I	2,681
Total Other Liabilities and Deferred Credits		248,740	D	39,450
SHAREHOLDERS' EQUITY:				
Capital stock (124,900 shares, par value $50. per share)	6,245,000			
Retained Income	10,197,268		I	626,760
Total Shareholders' Equity		16,442,268	I	626,760
Total Liabilities and Shareholders' Equity		25,212,864	I	680,705

OPERATING EXPENSES

	YEAR 1965	YEAR 1964	INCREASE OR DECREASE	
MAINTENANCE OF WAY AND STRUCTURES				
SUPERINTENDENCE	$93,379	$90,760	I	2,619
ROADWAY MAINTENANCE	374,085	386,986	D	12,901
MAINTAINING STRUCTURES	21,008	34,243	D	13,235
OTHER MAINTENANCE OF WAY EXPENSES	79,273	62,870	I	16,403
MAINTAINING JOINT TRACKS, YARDS, ETC. - DEBIT	3,448	10,830	D	7,382
MAINTAINING JOINT TRACKS, YARDS, ETC. - CREDIT	10,687	1,544	I	9,143
TOTAL, EXCLUDING DEPRECIATION AND RETIREMENTS	560,506	584,145	D	23,639
DEPRECIATION AND RETIREMENTS:				
ROAD PROPERTY - DEPRECIATION	130,593	130,662	D	69
RETIREMENTS - ROAD	89,618	101,144	D	11,526
DISMANTLING RETIRED ROAD PROPERTY	11,157	13,511	D	2,354
TOTAL	231,368	245,317	D	13,949
TOTAL	791,874	829,462	D	37,588
MAINTENANCE OF EQUIPMENT				
SUPERINTENDENCE	45,715	43,165	I	2,550
REPAIRS TO SHOP & POWER-PLANT MACHINERY	2,581	1,926	I	655
LOCOMOTIVE REPAIRS	209,449	218,871	D	9,422
CAR REPAIRS	120,777	152,284	D	31,507
OTHER EQUIPMENT REPAIRS	9,077	8,377	I	700
OTHER EQUIPMENT EXPENSES	19,917	16,559	I	3,358
JOINT MAINTENANCE OF EQUIPMENT EXPENSES - DEBIT	22,961	21,052	I	1,909
JOINT MAINTENANCE OF EQUIPMENT EXPENSES - CREDIT	144	50	I	94
TOTAL, EXCLUDING DEPRECIATION AND RETIREMENTS	430,333	462,184	D	31,851
DEPRECIATION AND RETIREMENTS:				
SHOP AND POWER-PLANT MACHINERY - DEPRECIATION	4,987	5,003	D	16
DISMANTLING RETIRED EQUIPMENT	3	-	I	3
EQUIPMENT - DEPRECIATION	109,214	121,197	D	11,983
TOTAL	114,204	126,200	D	11,996
TOTAL	544,537	588,384	D	43,847
TRAFFIC				
TRAFFIC EXPENSES	12,415	11,370	I	1,045
TOTAL	12,415	11,370	I	1,045

OPERATING EXPENSES
(CONTINUED)

	YEAR 1965	YEAR 1964	INCREASE OR DECREASE	
TRANSPORTATION				
SUPERINTENDENCE AND DISPATCHING	$248,128	$220,301	I	$27,827
STATION SERVICE	39,172	46,983	D	7,811
YARD EMPLOYES	457,003	397,736	I	59,267
YARD SWITCHING FUEL	26,098	25,323	I	775
MISCELLANEOUS YARD EXPENSES	22,338	22,874	D	536
TRAIN EMPLOYES	406,437	368,262	I	38,175
TRAIN FUEL	108,774	89,791	I	18,983
OTHER TRAIN EXPENSES	149,574	144,971	I	4,603
INJURIES TO PERSONS	2,354	65,605	D	63,251
LOSS AND DAMAGE	5,625	14,281	D	8,656
OTHER CASUALTY EXPENSES	17,609	30,095	D	12,486
OTHER RAIL TRANSPORTATION EXPENSES	39,978	70,474	D	30,496
OPERATING JOINT YARDS AND TERMINALS - DEBIT	-	322	D	322
OPERATING JOINT YARDS AND TERMINALS - CREDIT	10,226	9,020	I	1,206
OPERATING JOINT TRACKS AND FACILITIES - DEBIT	127,502	99,546	I	27,956
OPERATING JOINT TRACKS AND FACILITIES - CREDIT	93	730	D	637
TOTAL	1,640,273	1,586,814	I	53,459
GENERAL				
ADMINISTRATION	72,235	75,154	D	2,919
OTHER GENERAL EXPENSES	116,365	50,846	I	65,519
GENERAL JOINT FACILITIES - DEBIT	324	233	I	91
GENERAL JOINT FACILITIES - CREDIT	16	-	I	16
TOTAL	188,908	126,233	I	62,675
RECAPITULATION				
MAINTENANCE OF WAY AND STRUCTURES	791,874	829,462	D	37,588
MAINTENANCE OF EQUIPMENT	544,537	588,384	D	43,847
TRAFFIC	12,415	11,370	I	1,045
TRANSPORTATION	1,640,273	1,586,814	I	53,459
GENERAL	188,908	126,233	I	62,675
TOTAL	3,178,007	3,142,263	I	35,744
OPERATING RATIO				
PERCENTAGE OF TOTAL OPERATING EXPENSES TO TOTAL OPERATING REVENUES:				
MAINTENANCE OF WAY AND STRUCTURES	14.84	17.38	D	2.54
MAINTENANCE OF EQUIPMENT	10.20	12.33	D	2.13
TRAFFIC	0.23	0.24	D	0.01
TRANSPORTATION	30.73	33.24	D	2.51
GENERAL	3.54	2.64	I	0.90
TOTAL OPERATING EXPENSES	59.54	65.83	D	6.29

REVENUE FREIGHT TRAFFIC BY MAJOR COMMODITY CLASSIFICATIONS

COMMODITY	YEAR 1965			
	TONS	PER CENT. OF TOTAL	GROSS REVENUE	PER CENT. OF TOTAL
FARM PRODUCTS	1,548	0.02	$1,490	0.03
MINERAL PRODUCTS:				
METALLIC ORES	2,987	0.03	2,210	0.04
COAL	7,944,166	93.65	4,900,638	92.26
NONMETALLIC MINERALS, EXCEPT FUELS	10,828	0.13	12,320	0.23
TOTAL	7,957,981	93.81	4,915,168	92.53
MANUFACTURES AND MISCELLANEOUS:				
FOOD AND KINDRED PRODUCTS	32,708	0.39	34,359	0.65
LUMBER AND WOOD PRODUCTS, EXCEPT FURNITURE	4,134	0.05	4,922	0.09
FURNITURE AND FIXTURES	10	-	9	-
PULP, PAPER AND ALLIED PRODUCTS	3,238	0.04	3,659	0.07
PRINTED MATTER	46	-	52	-
CHEMICALS AND ALLIED PRODUCTS	2,860	0.03	2,954	0.06
PETROLEUM AND COAL PRODUCTS	1,965	0.02	2,229	0.04
RUBBER AND MISCELLANEOUS PLASTIC PRODUCTS	70	-	71	-
STONE, CLAY AND GLASS PRODUCTS	11,681	0.14	12,258	0.23
COKE	418,400	4.93	284,000	5.35
OTHER PRIMARY METAL PRODUCTS	22,030	0.26	22,310	0.42
FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND TRANSPORTATION	10,749	0.13	11,588	0.22
MACHINERY, EXCEPT ELECTRICAL	1,531	0.02	1,664	0.03
ELECTRICAL MACHINERY, EQUIPMENT AND SUPPLIES	324	-	1,729	0.03
TRANSPORTATION EQUIPMENT	397	-	386	0.01
WASTE AND SCRAP MATERIALS	12,737	0.15	12,371	0.23
MISCELLANEOUS FREIGHT SHIPMENTS	496	0.01	628	0.01
TOTAL	523,376	6.17	395,189	7.44
GRAND TOTAL, CARLOAD FREIGHT	8,482,905	100.00	5,311,847	100.00
ALL LESS CARLOAD FREIGHT	-	-	-	-
GRAND TOTAL, CARLOAD LESS CARLOAD FREIGHT	8,482,905	100.00	5,311,847	100.00

FREIGHT TRAFFIC STATISTICS

	Year 1965	Year 1964	Increase or Decrease
Average miles of road operated (freight service)	168.45	168.45	-
Freight revenue	$5,300,747	$4,739,189	I $561,558
Per cent. of total operating revenues	99.3	99.3	-
Tons carried (revenue freight)	8,482,905	7,252,338	I 1,230,567
Tons carried one mile (revenue freight)	455,694,274	375,154,706	I 80,539,568
Freight train miles	151,498	145,831	I 5,667
Loaded car miles	6,208,155	5,510,885	I 697,270
Empty car miles	6,337,566	5,689,240	I 648,326
Total car miles (including caboose)	12,697,227	11,345,959	I 1,351,268
Averages - Per Mile of Road			
Freight revenue	$31,468	$28,134	I $3,334
Tons carried (revenue freight)	50,359	43,053	I 7,306
Tons carried one mile (revenue freight)	2,705,220	2,227,098	I 478,122
Freight Train Miles	899	866	I 33
Averages - Per Train Mile			
Freight Train Revenue	$35.00	$32.51	I $2.49
Revenue ton miles	3,008	2,573	I 435
Loaded car miles	41.0	37.8	I 3.2
Empty car miles	41.8	39.0	I 2.8
Total car miles (including caboose)	83.8	77.8	I 6.0
Miscellaneous Averages			
Revenue per ton (cents)	62.5	65.3	D 2.8
Revenue per ton mile (cents)	1.163	1.263	D 0.100
Revenue ton miles per loaded car mile	73.4	68.1	I 5.3
Average miles each revenue ton was carried	53.7	51.7	I 2.0

LOCOMOTIVE UNIT MILES - FREIGHT

Road service	476,590	411,738	I 64,852
Train switching	16,368	20,493	D 4,125
Yard switching	116,766	119,446	D 2,680
Total	609,724	551,677	I 58,047

WORK SERVICE

Train miles	5,677	3,921	I 1,756
Locomotive unit miles	5,794	3,921	I 1,873
Car miles	35,036	30,560	I 4,476

EQUIPMENT OWNED - DECEMBER 31, 1965

	UNITS	BOOK VALUE	COMPARISON WITH 1964
LOCOMOTIVES			
SHIFTING - DIESEL-ELECTRIC	22	$2,535,685	D $354
FREIGHT-TRAIN CARS			
CABIN	18	92,671	....
WORK EQUIPMENT	18	100,742	....
MISCELLANEOUS EQUIPMENT		79,896	....
TOTAL EQUIPMENT		2,808,994	D $354

MILEAGE OF TRACKS OWNED AND OPERATED

	DECEMBER 31, 1965				
	MAIN		INDUS-	YARD &	
	1ST	2ND	TRIAL	SIDINGS	TOTAL
MONONGAHELA RAILWAY COMPANY:					
OWNED LINE OPERATED	125.69	10.05	3.37	63.14	202.25
LINE OPERATED UNDER CONTRACT	30.38	.....	2.43	6.97	39.78
LINE USED UNDER TRACKAGE RIGHTS	12.38	.....	....	.94	13.32
TOTAL, DECEMBER 31, 1965	168.45	10.05	5.80	71.05	255.35
TOTAL, DECEMBER 31, 1964	168.45	10.05	5.69	71.23	255.42
INCREASE OR DECREASE	.....	.....	I 0.11	D 0.18	D 0.07